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xhibiting Dutch potatoes

Secretary Bergland—"New Global View"

Foreign Agricultural Service
U. S. DEPARTMENT OF AGRICULTURE

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An exhibit of Dutch potatoes at a trade fair in West Germany. This is just one sector of agricultural promotion carried on by the Netherlands, one of Europe's smallest countries, but one of its top agricultural exporters. See article, page 14.

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"U.S. Agricultural Policy

Requires New Global View"

AS WE LOOK toward forming future farm and trade policy, there are two considerations that need a new level of attention:

- One of these is old—older than agriculture—as old as mankind. It is weather.
- The other is new—newer than television—newer than supersonic travel. It is **global** agriculture—a phenomenon that in this decade has thrust American farmers into a new international role.

More than price, more than market demand, more than human needs, the world's weather determines crop output in any given year. Governmental policies and the market influence total output and mix of production among commodities. Science and technology affect yield trends over the long haul. But in a given year, weather is the overriding factor.

That was true in Biblical times, when Jacob sent his sons into Egypt to look for corn. It was true in 1972, 1974, and 1975, when major producing areas of the world experienced crop shortfalls. It is just as true in 1977, as American farmers watch the development of winter grains and evaluate soil moisture and snow pack against the needs of crops yet to be planted. It is true now in Florida, where cold weather brought havoc to vegetables and fruits, including a citrus crop that was expected to be a record.

I think the Department of Agriculture should make better use of weather data, utilizing these data in ways that are of maximum value to our own commodity analysts as well as to farmers. Weather forecasting is, of course, the province of the Department of Commerce. USDA has never taken a sufficiently deep interest in analyzing the effects of weather on production, and this should be corrected.

Not that we can control weather; there is still much to be done in learning to forecast it accurately. But we need to crank weather knowledge and information into the models that are designed to predict what may happen in terms of both planted acreage and final crop outturn. In 27 years of farming, I've experienced only 2 years of "average" weather. Predictions based on averages are of little value to anyone. We need to do this in our estimates of situations in other countries as well as in our own.

The second consideration so important to future policy judgments is the recognition that "global agriculture" is now much more than just a phrase. The American farmer is inseparable from the international food complex, where a farm work force of 800 million produces for a world population of 4 billion; where 150 nations trade in 2,000 farm commodities; where new ideas are shared by satellite, yet primitive farming is common; and where incomes generally are rising, yet people are still hungry.

For thousands of years, agricultural economies were local, national or, at most, continental. Certainly, that is no longer true. Events of this decade have demonstrated most forcefully that American farmers and consumers are intimately affected by a fishing failure off South America, a grain shortfall in the Soviet Union, a freeze in Brazil, or a monsoon failure in southern Asia. Interdependence with other nations is a fact American farmers must deal with every day.

The United States is the largest food exporter in the world, accounting for half the world's grain trade and two-thirds of its soybean trade. We are the second largest importer of farm products, and the world's largest provider of food aid. Foreign markets each year take the products from 100 million acres of U.S. cropland—almost one harvested acre in three.

Exports provide directly for one-fifth of U.S. gross farm income—and indirectly affect our agriculture much more through their impact on the general level of farm prices. Because of this, swings in world production too often have contributed to sharp ups and downs in our farm economy—a "boom and bust" syndrome that we must try to even out.

Increased attention to world weather and to our international food position will place new challenges before the Department of Agriculture. Many of these challenges are not fully defined; nevertheless, certain things are increasingly clear as we look at the future in four areas of international interest:

Market Expansion. We must do everything we can to maintain and expand U.S. agriculture's overseas markets. The ability of the United States to produce—especially grains, soybeans, cotton, and many other crops—is such that large overseas sales are now built into the marketing structure.

For example, in most years in the United States we use roughly 20 million metric tons of wheat—for all purposes. That level is relatively constant. Yet in 1976, we produced a wheat crop almost three times that large. Even if we export 26.5 million tons this year, we

BOB BERGLAND,
Secretary of Agriculture

"We must do everything we can to maintain and expand U.S. agriculture's overseas markets. The ability of the United States to produce—especially grains, soybeans, cotton, and many other crops—is such that large overseas sales are now built into the marketing structure."

will still have a U.S. carryover approaching 30 million tons next June 1.

Our wheat farmers **must** export, and this is true of producers of most of our major crops and for many specialty crops as well. Moreover, there is a growing need for food—there are 200,000 souls born into this world each day—and our policies should help to translate this world need into effective demand. We should make better use of Public Law 480 and other Government resources to accomplish this.

There are things our Government does **not** do, of course. It does not carry an order book; it does not contract sales. In our system, these functions are performed by private business. Many other nations, however, practice state trading through marketing boards, government import agencies, and the like. Virtually all governments maintain border restrictions of various kinds. It is, therefore, appropriate and necessary for our Government to negotiate for access to foreign markets as well as to expand trade through market promotion.

"...the United States should take the lead in developing a global food policy to moderate the extremes in commodity prices."

It follows that if we are to do our utmost to expand U.S. agriculture's overseas markets, we must not jeopardize these markets with unjustified embargoes or other export limitations. That does not mean that we can realistically rule out export controls 100 percent—in any and every circumstance. For example, we must be in a position to counter any efforts by another country to corner the world's grain. We also must be in a position to protect the food supply if the security of the nation is at stake.

"If we are going to advocate liberal trade, we must be consistent and recognize the need for other agricultural nations to trade."

Agricultural Imports. We all recognize that trade balance includes imports as well as exports. If we are going to advocate liberal trade, we must be consistent and recognize the need for other agricultural nations to trade. We should pursue a policy of expanded trade, but with some qualifications.

In the case of beef imports, for example, we could not maintain a wide-open market to the world very long—we would be the only such market and would become a dumping ground. If we were to open the flood gates to beef imports, this would seriously disrupt the U.S. industry in a time of surplus. Our consumers have nothing to gain from a bankrupt livestock business in the United States.

This year, we have reached voluntary restraint agreements with suppliers of those meats covered by the Meat Import Act of 1964. This allocates a share of the U.S. market to other beef producers, and is consistent with orderly marketing in this country.

It is equally important that we resist exports of dairy products into our market by nations that use an export subsidy—this includes imports of European cheeses at a subsidized price. American dairy farmers cannot compete with national treasuries such as those backed by the economic resources of the governments of the European Community. We need to work out arrangements to eliminate such subsidies and preserve a competitive situation.

Commodity Reserves. We need a policy to assure adequate food reserves even in those years that are not average—and many years will not be average. Too often, U.S. agricultural policy has been built on a premise that does not take into account the possibility of extreme weather.

We have had good wheat and rice crops recently, and this will show up in carryovers this summer. Thirty million tons of U.S. wheat may be a "reserve" or a "surplus," depending on your viewpoint. Those terms have no precise definition. It has been said that a surplus is a reserve that nobody wants; a reserve is a surplus that everybody wants.

Whatever your definition, we need a reserve policy that is flexible and takes into account extreme weather conditions and world situations. We cannot depend on nature to balance supplies precisely with needs; in most years, this will not happen.

This should not imply new accumulations of stocks by the U.S. Government's Commodity Credit Corporation. This would be costly to taxpayers and would threaten farm prices. The alternative, we believe, is a strengthened reseal program to enable farmers to hold stocks under price support loan until market prices rise above a level specified by law. We would have not Government-owned reserves, but farmer-owned, farmer-controlled reserves.

A Global Food Policy. Finally, the United States should take the lead in developing a global food policy to moderate the extremes in commodity prices. Policies that permit prices to ride a rollercoaster do not in the long run benefit exporting or importing nations—producers or consumers.

Prices that are far out of line on the high side can be very destructive to weak economies, but they also may be upsetting to a trading partner such as Japan, which is economically strong but highly dependent on imported food. On the other hand, tender agrarian economies of the developing world may be destroyed when prices of commodities they produce fall to disaster levels.

Since the United States is by far the largest exporter of grains, and grains are the most-traded agricultural commodities in the world, this country should take the lead in developing a policy to even out these extremes. This is in our own interest, because American farmers also find it difficult to live in a climate of boom-and-bust cycles. Producers of animal products are particularly hard hit by fluctuating prices of the commodities they feed.

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Promotions Aid Sale Of U.S. Almonds In Japan

JAPANESE consumption of California almonds has grown markedly in recent years because of extensive American promotional activities in Japan, and usage is expected to reach substantially higher levels in the future.

U.S. exports of these almonds to Japan amounted to over 7,700 metric tons in 1976, up from less than 1,400 tons in 1969, when the California Almond Growers Exchange (CAGE)—a Sacramento group cooperating with the Foreign Agricultural Service in market development—opened an office in Japan to promote U.S. almond sales to that increasingly prosperous market.

Catching on almost immediately in 1969, U.S. almonds sold so well that Masuo Koga, manager of CAGE's Japanese office, estimated in 1970 that the almond market potential could be in excess of 13,600 tons.

Koga now says that although the oil crisis and the economic problems that followed have hampered sales somewhat, they are coming back, largely as a result of changes in almond eating habits encouraged by CAGE activities.

"Seven years ago," Koga said, "85 percent of all almonds eaten in Japan were consumed in chocolate products. Now, 30 percent are consumed in that form, 30 percent in confections, 30 percent as snacks, and 10 percent by the food industry."

CAGE is making a concerted effort to encourage almond usage by the Japanese food industry, which Koga expects will become a leading almond outlet in Japan.

"We have been working with the Japanese dairy industry, and a new product —almond cheese—is getting very popular," he said.

"One maker started production 4 years ago, and five are now making almond cheese—they're turning out 7 million bars a year. Almond ice cream also is increasing in popularly," he stated.

"We began working on miso (soybean paste) 3 years ago, and one big maker succeeded in producing an almond-bean paste product—but the cost was too high, so that the industry is continuing its testing."

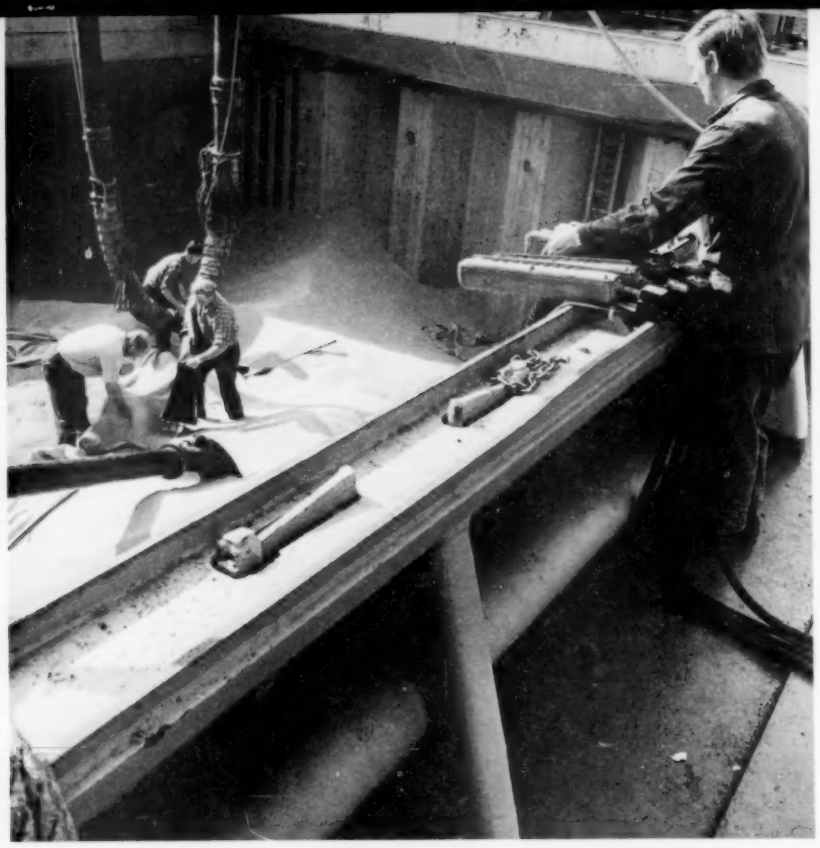
CAGE is also studying the possibility of blending almonds in foods popular with Japanese consumers, but that are largely imported.

One area with potential is the frozen food industry—most importantly frozen fish, whose flavor can be improved by the addition of sliced almonds. The Japanese depend on fish for more than one-fifth of their protein intake.

Koga, a popular speaker at school nutrition seminars, said school lunch programs in several prefectures (states) are using almonds as snacks, or as diced almonds sprinkled on salads or other foods. A teacher said that 40 percent of the youngsters normally refuse to eat cheese, but will if it contains almonds.

California exports about 55 percent of its almond crop. West Germany is the leading market, followed by Japan. Koga wants to see Japan the leading market.

Above: California almonds were displayed prominently at Tokyo's Almond Flower Fair; Left: Consumers sample California almonds at promotion booth in the Fujisaki department store, Fukuoka, Kyushu; Below: Booth attendant at Kagoshima Cake Fair, Kyushu, demonstrates uses for almonds in baked goods. Food industry usage of almonds is expanding in Japan.



Unloading of oilseed pellets in Rotterdam harbor.

Tight Supplies Seen Curbing Meal Use, Sparking Output

By ALAN E. HOLZ
Foreign Commodity Analysis, Oilseeds and Products
Foreign Agricultural Service

THE WORLD oilseed meal market took another turn last year in the wake of an 18 percent drop in U.S. soybean production and some surprise soybean purchases by the USSR and the People's Republic of China (PRC). The resulting tightening of supplies—after abundance in 1975—appears likely to provoke some serious belt-tightening this year while encouraging expansion in 1977 oilseed crop production.

In fact, if projected demand is to be met and depleted stocks replenished, a gain of up to 6.5 million metric tons seems called for in 1977/78 production of cakes and meal.[1] And with increases by foreign producers likely to be little more than 3.2 million tons—even given stair-stepping soybean production in Brazil and Argentina—the United States probably could account for half of this expansion without precipitating a market glut.

Because of the limitations being imposed by reduced supplies and high prices, world exports of oilseeds and meals in calendar 1977 are seen rising by less than 500,000 tons over 1976's to around 33.2 million tons. And shipments of soybeans and soybean meal from the United States may actually dip 700,000 tons under those of 1976 to 16.6 million, SME. Still, combined U.S. exports of soybean and soybean meal at this volume would account for nearly 60 percent of U.S. soybean meal production, compared with less than 52 percent exported in 1976.

In the marketplace, the tightened supply has been reflected in rising prices for soybeans and soybean meal. The Chicago closing price for soybeans on February 7, 1977, stood at $263 per metric ton, or 52 percent higher than the $173 per ton recorded a year earlier. And soybean meal prices have risen by over three-fifths from their 1976 level to more than $191 per metric ton.

What all this probably means is that consumption of soybean meal will slow markedly in coming months as higher prices force users to seek alternative products or cut back feeding rates. Livestock producers, for instance, now are confronted with a soybean meal/corn price ratio of nearly 2.3:1.0, compared with just over 1.3:1.0 a year ago.

In the United States, consumption of soybean meal appears destined to wane, but the extent of that decline is less certain. Current estimates place U.S. meal consumption in 1976/77 at 13.2 million metric tons, or well under the 14.2 million tons recorded for 1975/76. The question is how quickly can the downward adjustment in meal consumption be made in view of larger than anticipated hog numbers and unusually cold winter temperatures, which are working to strengthen meal demand?

U.S. demand for meal beyond 1976/77 is unclear. But even if livestock numbers do not change, indications of a lowering of the meal/corn price ratio—based on futures prices—augur well for an eventual pickup in meal feeding rates in 1977/78.

In overseas markets, meal consumption probably will not grow by more than 500,000 tons this year, compared with around 2 million normally and last year's unusually large growth of more than 5.5 million. Even if the major sources of foreign meal supply were to deplete stocks to minimum levels, meal consumption would be restricted to below-trend growth in 1977.

In addition, meal consumption in tra-

[1] **Includes soybean, fish, peanut, sunflower, cotton, linseed, rapeseed, copra, and palm-kernel meals expressed in terms of 44 percent soybean-meal equivalent. Meal production estimates are calculated on the basis of assumed meal-extraction rates applied to that portion of each crop available for crushing and/or export, rather than actual crushings. Northern Hemisphere crops harvested in the second half of 1976 are combined with estimates of Southern Hemisphere crops yet to be harvested in the first half of 1977. Unless otherwise noted, volume figures for production and trade are expressed in soybean meal equivalent (SME) at 44 percent protein.**

ditional foreign markets will be limited by increased movements to the USSR, and entry of the PRC into the import arena.

The USSR last year purchased a record 2 million tons of soybeans for delivery in 1976/77. That country last year reportedly had a poor soybean crop and only a small recovery from its sunflowerseed crop shortfall of 1975. Long-term prospects for expanding domestic production of these crops are limited.

The PRC in 1976 likewise surprised the world by purchasing about 100,000 tons of Brazilian soybeans. This reflects a significant shift for a country that normally sells soybeans—and once ranked second only to the United States as an exporter. It is believed that the purchase may have reflected drought damage to the 1976 crop in North China, the PRC's major soybean area.

Of course, the major factor behind the reversal of the oilseed supply picture was the short soybean crop last year in the United States. At 34.4 million tons, that crop was 18 percent below 1975's near-record 42.1 million tons.

The decline came in a season marked by disappointments for soybean farmers —beginning with low prices and discouraging prospects at planting time and culminating in a summer-long drought. The bleak early-season outlook prompted farmers to reduce plantings 7.8 percent below those of 1975, while the drought slashed yields by 11 percent to 25.6 bushels per acre.

As a result, U.S. supplies of soybeans and soybean meal fell to 31.4 million tons, SME, in 1976/77—4.4 million tons less than those of a year earlier.

Growth prospects for 1977 meal production among major U.S. competitors also have dimmed. For example:

Brazil's 1977 soybean crop is now estimated at 12.6 million tons—650,000 tons less than estimated in November 1976 and only 1.4 million tons above the 1976 volume. Thus, although output will continue its sharp advance of recent years, the increase will be less than the 1.8-million-ton annual growth averaged during the last 5 years.

The cut also means that Brazil's meal availabilities will be about 480,000 tons below the earlier Foreign Agricultural Service forecast.

The revision, based on smaller-than-expected area expansion, suggests that Brazil probably can export only about 8.2 million tons of soybeans and meal, SME, in calendar 1977, or 480,000 tons less than the previous estimate and only 600,000 more than in calendar 1976.

Yet export growth—a key priority in Brazil's soybean program—has still been spectacular. In 1977, for instance, Brazil's exports of soybeans and meal will be 2.7 times the 3 million tons, SME, shipped out in 1973. Brazil will also account for roughly half of all foreign oilseed and meal exports, compared with less than 30 percent in 1973, and its shipments will be about half as large as those from the United States, whereas in 1973 they were one-fifth the U.S. volume. Additionally, Brazilian soybeans will account for about one-fourth of world exports of oilseeds and meal in 1977, compared with only one-eighth in 1973.

Limited growth in domestic demand for meal has aided Brazil's export expansion, and the country in 1977 will be shipping out about 85 percent of its commercial availabilities of soy protein.

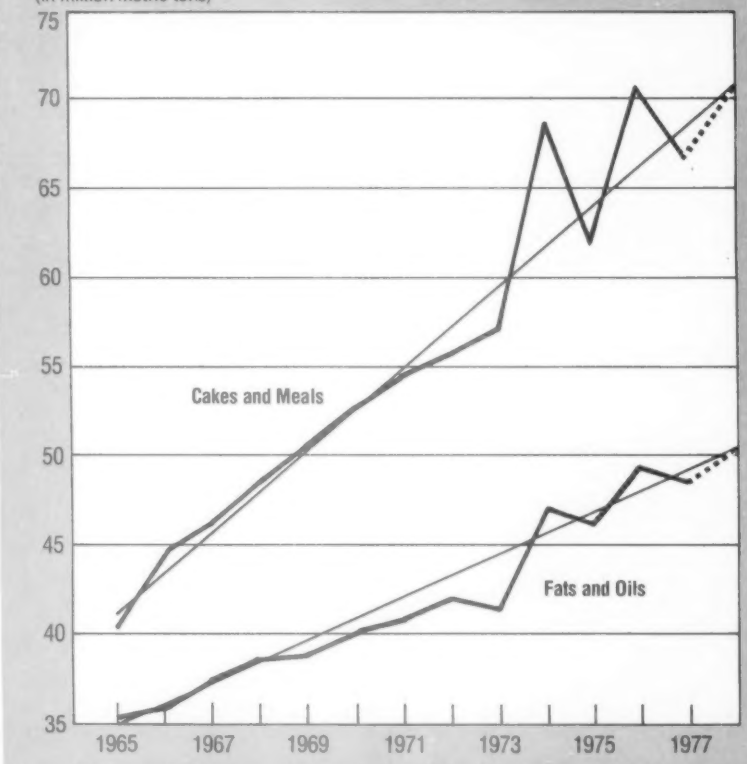
Brazil, of course, still has substantial expansion potential and fully expects to boost output by another 50 percent or more over the next decade. Yields also have room to grow, since they now are in the magnitude of 25-26 bushels per acre, compared with a normal U.S. yield of about 28 bushels.

Not to be ignored is the fact that Brazil has the capability to move most of its 1977 crop exports by September 30, 1977. Current forecasts indicate that as much as 5.8 million tons of Brazilian soybeans and meal, SME, may move out during that April-September period, or 1 million more than a year earlier. However, this would leave only about 2.2 million tons for shipment during the 6 months remaining in Brazil's marketing year ending March 31, 1978, or somewhat less than indicated for the same months in 1976/77.

The 1977 U.S. harvest will get underway just about the time Brazil's supplies start to wane, leaving U.S. soybean exporters in a relatively strong competitive position during the first part of their

WORLD PRODUCTION OF FATS AND OILS [1] AND CAKES AND MEALS [2]

(In million metric tons)



[1] Includes soybean, fish, peanut , cottonseed, flaxseed, rapeseed, copra and palm kernel meals corrected to 44% soybean meal equivalent.

[2] Includes vegetable animal and marine oils and fats.

1977/78 marketing year.

Among other competitors in the world meal market, only Argentina will record a sizable expansion, with its 1977 soybean crop and exports both expected to gain by 400,000 tons, SME, or 70 percent, from those of 1976.

India's 1976 peanut harvest—initially pegged at an alltime high—now is set at 6.3 million tons, or at least 700,000 tons below the previous estimate and 10 percent under the record 1975 harvest. The reduction means a 200,000-ton cut in India's 1977 meal supplies and a similar decline in meal exports from the 1 million tons shipped in 1976.

Peru's 1977 production of fishmeal, whose drastic decline in 1973 was a big factor in that year's squeeze on world meal supplies, may total 1.3 million tons, SME. This is slightly above the 1976 volume but 60 percent under the 1970 record of 3.3 million tons, SME.

Given these factors, the tight situation for meal could persist even after the 1977 Southern Hemisphere crops come to market in May. And it could worsen if the 1977 Southern Hemisphere crops fall short of current expectations or if demand for meal continues at recent high rate. Consequently, soybean meal prices appear likely to remain relatively high vis-a-vis current grain prices and last year's soybean meal prices—at least until the 1977 U.S. soybean crop becomes available for consumption next September.

And, based on current production and demand projections, the U.S. soybean crop needs to rise by between 2.3 million and 3.3 million tons, SME, this year just to keep pace with past trends. The smaller gain, which could be achieved with only a slight boost in plantings and normal yields, would keep supplies next year on par with those in 1977.

However, if stocks are to rise above current reduced levels, a gain in the neighborhood of 3.3 million tons, SME, will be needed. This means that U.S. soybean plantings would have to rise to an alltime record of around 23 million hectares and yield a record harvest of 42.7 million tons.

This year's more favorable price prospects for oilseeds and products will

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World Vegetable Oil Output To Decline in 1977

Although still feeling the impact of steady gains in output of Malaysian palm oil, the world oil market has begun to firm, and a 2.2-million-ton boost in world output may be needed in 1977/78 to put availabilities back on trend.

Such a gain is not unusual when compared with past changes—oil output shot ahead by more than 4 million tons between 1973 and 1974 and by nearly 3 million between 1975 and 1976. However, it would be a decided contrast with the indicated 800,000-ton dip—to 48.2 million tons—in 1977 production.

This year's decline is largely the result of reduced U.S. production of soybeans. In addition, output of Philippine coconut oil will decline in the wake of drought conditions in the Philippines last year.

World palm oil production, on the other hand, will continue to expand in 1977, probably registering a larger gain than in 1976 now that, Malaysia —far the largest producer—has recovered from the drought of a year ago. Consequently, world palm oil production in 1977 is pegged at 3.56 million tons—some 10 percent above last year's and nearly 60 percent over that of 1973.

Among other fats and oils important to world output, gains in cottonseed oil and lard will be insufficient to offset reductions in rapeseed, peanut, and olive oils. Reduced availabilities of sunflowerseed and peanut oils have already caused widening price spreads for these more expensive oils relative to soybean and cottonseed oils.

While still-large stocks in some major producing countries such as the United States will keep oil supplies in an abundant position, price and export prospects for oils—and especially U.S. soybean oil—should improve during 1976/77 from the reduced levels of 1975/76. Currently, it looks as if U.S. soybean oil exports could leap by about one-third over the 1975/76 level to around 590,000 tons.

U.S. soybean oil stocks as such will continue large, totaling about 580,000 tons at the end of the marketing year this September 30, or slightly above those of a year earlier. However, combined stocks of all fats and oils, including the oil equivalent of soybeans, will be reduced from the 2.3-million-ton volume of October 1, 1976, to about 1.4 million tons—the smallest for that date since 1974.

Key factors on the demand side will be the strengthening of foreign demand in new or erratic importers like India, the People's Republic of China (PRC), and some of the Mideast countries.

India, for instance, began making sizable purchases of oil for import even while claiming a record 1976 peanut crop. Lack of rain eventually dispelled Indian hopes for that record crop, and the country is now expected to import at least 400,000 tons of oil during 1977.

From the PRC, there is little in the way of facts and figures, but the following is known:

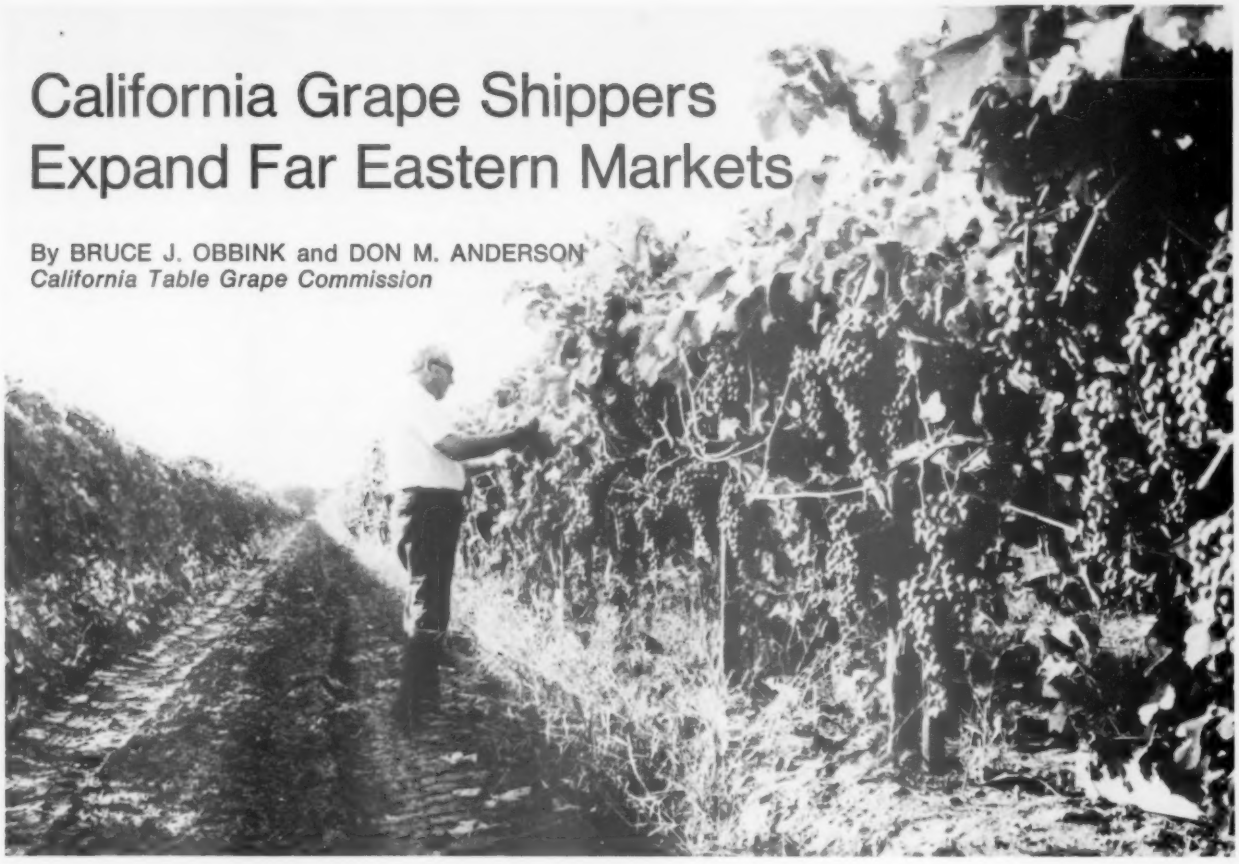
- Early last year there were reports that the PRC would not deliver the normal quantities of soybeans to Japan.
- During the growing season, there were reports of dry weather in soybean areas of North China, along with confirmed reports that the PRC purchased 100,000 tons of soybeans from Brazil.
- Subsequently, there were indications of possible PRC purchases of soybean oil, although this trade has not yet been confirmed.

In anticipation of the indicated shortfall in world fats and oils output, prices for most oils have advanced somewhat from the low levels of last year. Higher prices would at some point be expected to stimulate producer response in 1977-crop oilseed plantings, i.e., U.S. soybeans and Canadian rapeseed. Given normal lags to harvest, increased availabilities would be generated late this year for rebuilding stocks in 1977/78.

—ALAN E. HOLZ, FAS

California Grape Shippers Expand Far Eastern Markets

By BRUCE J. OBBINK and DON M. ANDERSON
California Table Grape Commission



CALIFORNIA'S table grape industry is making good progress in developing new markets and increasing others in the Far East.

For many years Hong Kong, with its 5 million inhabitants, has been a stable market for California grapes, consuming as much as 8,100 tons (about 1.5 kg per capita) annually—despite competition from grapes produced in China.

Singapore over the years has imported 500-1,100 tons of California grapes annually until the past 3 years, when these imports jumped to more than 3,200 tons a year.

Indonesia's imports of California grapes within a few short years have soared from zero to 1,900 tons in 1976, and Taiwan's taking of these grapes jumped from 68 to 950 tons between 1975 and 1976.

Japan is an outstanding example of the development of a completely new market for California grapes. Because of quotas imposed by the Japanese Government, fewer than 100 tons of California grapes were imported by Japan during the 10-year period prior to 1972/73.

In the year the restrictions were lifted Japan imported 235 tons of the California product, and in 1975/76 the total reached over 2,300 tons.

Much of the interest in developing a Far Eastern market for California grapes has been stimulated by the California Table Grape Commission, which was set up in 1968 and became actively interested in the export market during 1973/74 (the year in which the Commission began a cooperative program of overseas promotions with FAS).

The Commission is a unique organization in California. It was established by the California Legislature but is financed entirely by the State's table grape growers. Its purpose is to assist in market development, advertising, merchandising, and all phases of product promotion.

The Commission also assists in some areas of production and market research. It is not a sales organization. Markets, prices, terms, and related matters are negotiated by shippers and their customers.

Funds to support the Commission are raised through assessments against each grower for each pound of grapes shipped. Currently the total budget approximates $1.3 million annually, with more than $1 million of this total assigned to advertising and merchandising.

As over 90 percent of California's table grape production is marketed in the United States and Canada, most of the promotional effort is devoted to those markets, but overseas promotion is commanding an increasing sum each year as the Commission moves into new markets.

The Commission's first overview of potential markets in the Far East occurred in January 1973, when a team consisting of two California grape growers (appointed by the Commission's directors) and the Commission manager visited Japan, Hong Kong, Singapore, and Taiwan.

The team met with leading importers in these markets to determine how best to open new markets and improve existing markets. It also met with representatives of shipping lines, government officials, and others familiar with these markets.

Upon its return to California, the team emphasized the potential of the total Far Eastern market, with particular reference to Japan. There, the team reported, was a fine opportunity for fall, winter, and early spring export trade.

Shortly after the team returned, a consultant was hired to work on export marketing for the Commission, with particular reference to expanding the Japanese market.

It soon became evident that there were several major differences in the marketing of grapes in Japan compared with other world markets:

- Japan produces in July, August, September, and October as many table grapes as California, and consumes almost all of them in fresh form.
- California grapes are different from the Japanese product—generally, not as large and do not peel as easily. (The Japanese generally peel their grapes before eating.)
- The Japanese distribution system was confusing to California shippers.
- The language barrier was real.

One of the Commission's first actions was to produce an educational booklet for California shippers, describing Japan's marketing system and listing firms with buying offices in the United States. Information on transportation and credit was included.

In the fall of 1974, a series of in-store demonstrations was conducted in leading Tokyo department stores, and at the same time a consumer study was made to obtain the reactions of Japanese consumers to California grapes.

Reaction was found to be generally favorable, and the following fall a similiar program was carried out in Osaka, Kobe, and Kyoto. Point-of-purchase material was produced in Japan and supported California grape displays wherever possible.

Results of the first demonstration program and consumer study were reported to California grape growers in the spring of 1975, and in that year an educational booklet in Japanese was produced for importers, wholesalers, and retailers handling California grapes.

This booklet described the principal varieties of grapes available for export. It also presented directions for proper handling and storage and offered suggestions on merchandising. The booklet proved to be extremely popular, as did a leaflet in Japanese distributed to consumers visiting the grape demonstration locations.

The total Japanese effort was a combination of sales work by shippers and educational work on the part of the Commission. The program drew praise from Japanese distributors and helped them gain confidence that they could sell California grapes in Japan, particularly when the domestic product was out of season.

Sales to Japan have increased almost ten fold in 3 years. Early in the 1976 season, U.S. exports to Japan were expected to approximate 5,000 tons, but adverse weather in California held shipments below this level.

Japan thus far has been the only market in the Far East to benefit from this FAS Cooperator program, following the initial decision to make an all-out effort to open this valuable market.

Starting with 1976/77, however, the Commission plans to lend support to other Far Eastern markets. All major Far Eastern cities were visited in August 1976 to lay the groundwork for promotion, advertising, and merchandising support to growers' sales efforts.

Several factors have helped improve the volume of California grape sales in the Far East. One of the most important is vastly improved transportation methods in the past few years. The advent of the refrigerated container and faster ships has made it possible for grapes to move from California to Japan in as few as 8 days.

Improved dock warehousing facilities have further reduced the time intervals between grower and consumer—a very important element in the successful distribution of any perishable commodity.

California's 200-plus grape shippers have benefited significantly from promotional assistance supplied by the Commission and the FAS Cooperator program and—barring any unforeseen difficulties—a bright future is predicted for export trade in California grapes.

Raisins Off CCC List

Cold, rainy weather in California's San Joaquin Valley has reduced that area's raisin crop and Commodity Credit Corporation (CCC) credit export financing is no longer justified for that commodity, USDA has decided. The decision has the effect of removing raisins from the November 2 USDA announcement of U.S. farm products eligible for CCC credit. All other commodities on November 2 list remain eligible until further notice.

Shoppers in Japanese food markets, such as this, have become steady customers for California table grapes in recent years. The California Table Grape Commission, which represents more than 200 growers, plans to develop other Far Eastern markets.

Spain's New Concept In Calf Rearing

By RICHARD L. BARNES
Assistant U.S. Agricultural Attaché, Madrid

AMID AN IMPRESSIVE display of fireworks and ample amounts of Spanish food and wine, about 200 residents of the bordering areas of Asturias and Galicia in northern Spain gathered in the village of Seares on June 13 for a day of celebration. In attendance were the mayors of two nearby towns, Castropol and Vegadeo; the director of a local bank; the president of the Farmers Association of Castropol; the Spanish director of the USDA/commodity cooperator organization, U.S. Feed Grains Council; and the author.

There was a special reason for such a gala event in this small farming community—the official opening of two new feeder calf buildings. Constructed by a new cooperative, Sistema Especial de Alimentación de Reses (SEARES), or Special System of Cattle Feeding, under the guidance of the U.S. Feed Grains Council, the venture is the first of its kind in Spain, and holds promise for increased U.S. feedgrain shipments to this country.

The overriding objective of the cooperative is to develop a sound livestock-rearing industry, through consolidating the physical and financial resources of the farmers. One project of the cooperative is building rearing barns to house newborn calves of the farmer members.

The calves are transferred from individual farms to the central rearing barn before they are 24 hours old. During the first 3 days, they are fed the mother's colostrum, remaining on general colostrum diets for approximately 3 weeks. The baby calves have access to feedgrain concentrates from the time they arrive in the rearing barns.

At 2 months of age, the calves are moved to the second barn where they will remain until they are about 3½ to 4 months old. Finally, at the end of this period, the calves are either sold, or, in the case of replacement heifers, returned to the owners.

The buildings just completed house 450 animals—250 in the barn containing the newborn calves until they reach 2 months of age, and 200 in the second barn where they will be kept until they are ready for sale at approximately 4 months of age. The capacity of the existing facility will soon be more than doubled to hold about 1,000 head.

More farmers have pressed to join the cooperative, but it was agreed that the group would be limited to 100 until it is capable of absorbing additional members. Plans are underway to establish new cooperatives in adjoining communities, patterned almost exclusively after SEARES.

Such cooperatives seem well-suited to this and other areas north of the Cantabrian mountain range, characterized by small, fragmented land holdings commonly referred to as minifundios. The region normally receives enough rainfall to support a bountiful agriculture. However, owing to the land tenure problem and generally rough terrain, it is not suited to large, extensive crop farming operations. The principal agricultural activity is restricted, therefore, to dairy farming.

But the dairy sector in northern Spain has characteristically suffered the same problems affecting small farmers throughout the world.

The size of farming operations does not allow for adequate earnings to permit farm families to live comfortably. As the overall Spanish economy grows, the income gap between the small-farm rural and urban sectors widens.

Since many of the farms are extremely small, there exists a serious underemployment problem. This problem is often compounded by an inability to buy, or obtain credit to buy, feedstuffs or physical facilities to expand their herds.

Small farmers generally lack technical knowledge—with farming practices determined by years of tradition, rather than by modern techniques and developments in genetics, nutrition, and general husbandry methods. Poor management has often led to very poor rates of gain, and in many case to deaths of newborn calves.

Until now, many dairy farmers here were forced to sell all of their newborn calves, except for females held back for replacement. Many calves go directly to slaughter for veal, and farmers, therefore, are unable to take advantage of favorable market conditions. Spain can ill afford such premature slaughter of meat animals, since it is pressed to increase red meat production.

Also, many animals were sold to intermediaries who, in turn, sold them to feedlot operations, many of which were located a considerable distance away.

Calves that were retained were often allowed to stay with their mothers from birth to 4 months of age or older. But, allowing the calves to remain with the cows for almost half their lactation periods had profoundly affected milk available for the market.

". . . the venture is the first of its kind in Spain, and holds promise for increased U.S. feedgrain shipments . . ."

Under the new calf-rearing system, the small farmer no longer must sell his newborn calves immediately. The 4-month old calves are now sold in a more orderly fashion, in larger numbers, giving the members, as a group, greater bargaining power. Farmers also are not tempted to let the calves run with the cows. As a result, dairymen market more milk, and consumers have a greater local milk supply.

In addition, by pooling their resources, the members can employ a technical assistant to manage the facility's operation. Calves are often assured of better care, and problems of death loss and poor weight gains are minimized.

Other indirect advantages are also beginning to arise from the cooperative's formation. Members take home new ideas and better techniques in managing their own dairy herds.

Genetic practices and controls are being improved. As a group, the cooperative has streamlined the procedure for obtaining artificial insemination from the Government-controlled agencies. Crossbreeding programs using beef-type bulls with milk cows are planned for the immediate future and results will

be recorded to determine the most favorable crosses. The findings will be distributed so members can step up their own breeding programs to provide ample replacement stock for their dairy herds and beef-type offspring for maximum weight gains.

This ambitious program benefits not only the cooperative's members, but the economy of Spain. Spain is a deficit producer of fluid milk, forced to import large quantities, particularly from France. During the winter months of recent years, Spain imported over 1 million liters per day to satisfy domestic requirements. In 1974 and 1975, Spain purchased 343.9 million liters and 166.1 million, respectively. The total value of these imports was about $104 million, an expenditure the country can ill afford in light of its balance-of-payments problems.

Although Spain is a deficit feedgrain producer as well, it is clearly in the country's best interest to import feedgrain. The dairy industry provides employment to large numbers of people who might otherwise add to the already large list of unemployed. Also, feedgrain represents only one part of a large number of production inputs.

By importing fresh milk, Spain "buys" all of these added factors from the exporting countries; it pays the exporting country for all inputs that go into producing the end product. These inputs include the cost of foreign labor, transportation, and the share of creamery equipment and other capital investments. By producing milk domestically, Spain would not have to draw down foreign exchange for these factors.

As the idea of early-rearing and calf-conditioning programs grows, so will the consumption of feed concentrates. It is estimated that each calf will consume an average of approximately 250 kilos during the 4 months in the barns. The separate concentrates contain about 40 percent corn and 25 percent soybean meal.

With little hope of expanding domestic feedgrain and protein meal production dramatically over the short run, additional supplies will have to be imported. In 1975, Spain imported 4.2 million tons of corn, 1.7 million of soybeans and 199,000 tons of soybean meal. Of this, the U.S. share of the market was about 76 percent, 63 percent, and 50 percent, respectively. In 1976, Spain was expected to import 5.4 million tons of feedgrain.

Guatemala's Major Exports Move Upward With Demand

With an attractive export market as the "carrot" and increased production as the "stick," Guatemala expects a sizable 1976/77 upswing in its major exports of coffee, cotton, sugar, and meat (beef and veal)—with sugar and cotton reaching record export levels, according to Francis H. Jack, U.S. Agricultural Attaché in Guatemala.

Sugar production in 1976/77 will reflect the world price situation and if prices rebound to near the 12-cents-a-pound range as expected by the sugar industry, Guatemala will produce an estimated 576,000 metric tons, up from the preliminary figure of 548,000 tons in 1975/76. Exports may reach about 363,000 tons, a new high compared with the record 341,745 tons expected in 1975/76.

Heavy fertilization, lack of disease, and excellent weather in 1975/76 resulted in a record cotton yield of 5.46 bales per hectare, and with the 1976/77 yield projected to be about the same, cotton production in 1976/77 was expected to climb 15 percent from the 1975/76 estimate to 530,000 bales (480 lb net). Exports are seen gaining 19 percent to a record 485,000 bales.

Coffee production, responding to rapidly rising world prices, was predicted to increase 19 percent to 2,550,000 bags (60-kilogram bags) and exports should rise about 21 percent to 2.3 million bags in 1976/77. Beef and veal output in calendar 1977 were forecast to rise about 4 percent to 80,650 metric tons, carcass weight equivalent (cwe). Exports may reach 25,356 tons, up from 24,131 tons in 1976. Guatemalan meat exports to the United States in 1976 were limited to a quota of 34.3 million pounds, or 15,558 metric tons.

For grains, production uptrends were expected to continue in wheat, corn, sorghum, and beans, while rice production was expected to dip slightly. Guatemala is the only Central American country that produces wheat, although its wheat imports—all from the United States—exceed production. However, U.S. wheat exports to Guatemala have fallen slightly in each of the last 2 years and that downward pattern was predicted to continue in 1976/77.

The production and trade outlook of Guatemala's main agricultural exports follows:

Coffee. Escalating prices for coffee have enticed Guatemala's coffee growers to improve methods of cultivation in order to force higher yields from exist-

ing plantations. Between June 1975 and October 1976, coffee prices almost tripled, shooting from 54 cents a pound to $1.55. Field visits revealed heavily loaded bushes, and plantation owners were foreseeing a "very good year" in 1976/77, according to Jack.

Preliminary estimates called for a 19 percent increase in production over that of 1975/76, about equal to the 2,541,377 bags grown in 1974/75. The National Coffee Growers Association has revised its 1975/76 production figures to 2,148,460 bags with 1,900,663 bags marked for exports, including 646,000 to the United States.

The substantial rise in world prices has encouraged the releasing of stocks. The 1975/76 ending stocks of exportable coffee was estimated to be down from year-earlier levels, according to the Coffee Exporters Association.

Cotton. As a result of record yields in 1975/76, Guatemala produced 460,000 bales from a reduced area of 84,000 hectares. The National Cotton Council has registered 99,000 hectares planted in 1976/77; if yields hold at the 1975/76 levels as expected, this should produce about 530,000 bales. Consumption is projected to drop to 47,000 bales from 69,000 in 1975/76, while ending stocks will dip by about 2,080 bales during the same period. Therefore, exports could rise to a record 485,000 bales in 1976/77, Jack reported. Guatemala exported 407,000 bales during 1975/76, with almost 49 percent going to Japan.

Sugar. With the 1976/77 planting now forecast at 117,600 hectares, an increase of 14 percent over 1975/76's, Guatemala expects a 5 percent increase in sugar production to 635,000 tons. A record 363,000 tons could thus be exported should prices recover from the drastic drops in recent years.

As of September 27, 1976, the National Sugar Association reported that 251,013 tons (raw value) of sugar had been exported, with 230,932 tons going to the United States. About 90,700 tons were expected to be shipped before the end of the year.

According to the Association, an extraordinary long grinding period—starting November 4, 1975, and ending August 31, 1976—resulted in the unpredicted record sugar production of 548,000 tons in 1975/76. The normal grinding period is from November to May.

Also, the lure of high prices (most sugar exported was sold as futures) led to a whopping 63 percent increase in the total area planted in 1975/76—an estimated 103,000 hectares, compared with 63,000 hectares in 1974/75. In 1975/76, 85,880 hectares were harvested for centrifugal sugar, representing a sharp 55.4 percent increase in this sugar over the previous year's.

BUT THE hoped-for windfall profits never materialized as prices, after hitting their record high in 1974, had begun a steep decline.

By early September 1976, prices had tumbled to about 8 cents per pound from 12.55 cents just 3 months earlier, 13.83 cents in June 1975, and an unrealistically high 64.2 cents during 1974.

If prices climb back to the 12-cents-per pound plateau, the predicted record exports should be achieved in 1976/77. However, if prices remain low, sugarcane growers may find it more profitable to turn the cane into cattle feed.

Internal consumption was estimated at 202,810 tons, an increase of about 4.5 percent, reflecting greater demands from increased incomes and continued industrial expansion. Also, highland Indians have switched their preference from the native "panela" to sugar in the aftermath of the February 4, 1976, earthquake, when relief supplies introduced sugar into their diets.

Meat. Guatemala's "Voluntary Meat Restraint Quota" on exports to the United States in 1976 was limited to 34.3 million pounds—or about 15,558 metric tons.

However, meat prices—at 78 cents a pound in June 1976—in the United States accelerated Guatemalan beef and veal exports in early 1976. For the first time since 1969, Guatemala exported more than 2,041 metric tons (cwe), mostly to the United States, during the second quarter. Guatemala's total 1976 exports of beef and veal were estimated to be about 24,131 tons (cwe)—54 percent above the 1975 total of 15,649 tons, and a further 5 percent rise was predicted for 1977.

The 1976 production figures were put at 75,656 tons, or 9 percent over the 1975 output of 71,487 tons—and a 4 percent increase was expected in 1977.

Grains. Bean production in 1976/77 was predicted at 93,000 metric tons, a 20,000-ton increase over the previous year's when bean imports came to a halt. Wheat and corn crops were forecast to increase 11,000 and 48,000 tons, respectively, to 51,000 and 828,000 tons, respectively. However, wheat imports from the United States were estimated to drop from 74,000 to 66,000 tons in 1976/77, while imports of U.S. corn were to dip slightly from 42,000 to 40,000 tons, Jack reported. The 1976/77 sorghum production was placed at 59,000 tons, an upturn of 7,000 tons. Almost all of Guatemala's sorghum is used locally. Rice was the only major grain crop predicted to suffer a drop in production during 1976/77, mainly because of a reduction in harvested area, which decreased from 31,000 hectares in 1975/76 to 24,000 in 1976/77.

Below: A worker in Guatemala harvests coffee beans by hand.
Opposite: Sugar warehouse at Caribbean port of Matias de Galvez.

Promotional Efforts Raise Dutch Agricultural Exports

By PITAMBER DEVGON
Assistant U.S. Agricultural Attaché, The Hague

ONE OF THE SMALLEST countries in Europe, with one of the highest population densities, the Netherlands exported a remarkable $8.6 billion worth of agricultural products in 1975. One key to the Netherlands booming export market is its intensive promotional efforts. In 1976, 13 Dutch trade organizations and the Ministry of Agriculture promoted Dutch farm products with a budget 12 percent greater than that of 1975.

The promotional arm of the Netherlands Ministry of Agriculture actively supports the various private trade promotion associations, bureaus, and boards, and in 1976 participated directly with them in 26 international shows and over 30 "Dutch Weeks" around the world.

As in recent years, the Ministry of Agriculture's efforts this year will again be concentrated on expanding the Netherlands share of the market in European Community (EC) countries—79 percent of 1975 farm exports were shipped to this market—and on increasing its penetration in other countries that have recently acquired greater purchasing power.

Once again, special promotional attention will be placed on livestock and meat, along with milk and milk products—principally cheese—which made up 18 percent and 16 percent, respectively, of Dutch exports in 1975.

In providing promotional assistance to Dutch products, the Ministry will:

- Provide the umbrella for the commercial display of Dutch producers/processors of agricultural products;
- Initiate market tests on behalf of agricultural producers/processors;
- Arrange seminars and meetings among exporters, technical experts, and importers in other countries; and
- Provide information on the Netherlands agricultural production, with emphasis on exportable products.

The Ministry of Agriculture's budget for agricultural promotion comes from public funds. The other private promotional associations raise their own funds through various sources. These include levies charged on the quantity of the product delivered for processing; taxes collected on the gross turnover of the product sold at auctions; special—and often voluntary—imposition of levies on the quantity of exported products; or direct subsidies from the applicable product board.

These various other private promotional associations are divided according to commodity.

Dairy products. The Netherlands was expected to produce more than 10 million tons of milk in 1976, with roughly 40 percent of this milk converted to cheese. The Dutch Dairy Bureau, a promotional organization, in cooperation with the Ministry of Agriculture, promotes Gouda and Edam cheeses not only in France, West Germany, Italy, the United Kingdom, Spain, and Japan, but in the domestic market as well. Although the Dutch consume roughly 9.98 kilograms of cheese per capita annually, the Bureau is trying to increase consumption through promotion of cheese as a snack food item.

Approximately 50 percent of cheese exports are made by the National Cooperative Dairy Sales Association and the balance is made by many other cooperatives and private exporters. These groups, however, are represented in one form or another in the Dutch Dairy Bureau.

The Bureau expected to spend approximately one-third of its 1976 budget in the Netherlands and the rest in promotional programs in Belgium, France, West Germany, the United Kingdom, Italy, and Japan. Market development in the United Kingdom and West Germany also included promotion of butter.

Market development efforts for Dutch cheese in the United States are relatively low-budgeted, but well established. Owing to the U.S. quota system, sales in 1976 were expected to be roughly 1.8 million kilograms each in the United States and Puerto Rico.

Poultry and eggs. The Product Board for Poultry and Eggs is an official body with authority to issue binding regulations on producers and related industries in the poultry and egg sector. In addition, one division of this Board is responsible for developing and executing promotional programs in the Netherlands and outside markets.

More than 60 percent of the Board's 1976 promotional budget was targeted for market development outside the Netherlands, principally in West Germany and the United Kingdom.

Poultry sold by the Netherlands in West Germany and elsewhere is marketed under the "Broilers from Holland" symbol. The symbol itself is protected in almost 20 countries, and more than 75 percent of Dutch exporters ship under this national brand.

Livestock and meat. Promotional activities for this sector are carried out mainly by the Information Bureau for Meat and Meat Products and the Information Center for Live Dutch Cattle. These organizations have spent most of their money in promoting meat consumption in the Netherlands and in participating in live cattle shows outside the Netherlands to increase purchase of Dutch dairy breeds and other cattle types.

Approximately 87 percent of the Netherlands' $1.6-billion livestock and meat exports in 1975 went to EC countries. Principal markets were West Germany (36 percent), Italy (25 percent), France (21 percent), the United Kingdom (11 percent), and Belgium-Luxembourg (7 percent). These exports to EC countries increased a hefty 18 percent in 1975 over exports during the previous year.

Meat exports to the United States—mostly of canned hams—were valued at $112 million in 1975 and constituted only 7 percent of the Netherlands total meat exports.

Flowers, bulbs, and plants. While an integral part of Dutch life, flowers are also good business. The value of exports of cut flowers, bulbs, potted plants, and ornamental shrubs has nearly tripled in the past 8 years to $650 million in 1975. A little over 75 percent of the Netherlands exports in this sector are shipped to EC countries.

Three private organizations—the Flower Growers Association, the Dutch Bulb Council, and Plant Publicity Holland—promote Dutch flowers, bulbs, and ornamental shrubbery, respectively, in and outside of Holland.

The Flower Growers Association rep-

resents 10,000 flower growers, retailers, landscape gardeners, and designers. Its foreign promotional activities are directed exclusively toward the trade.

The Dutch Bulb Council represents all segments in the field of bulb cultivation and trade. Nearly half of the world's area of bulbs is planted in the Netherlands, and about 75 percent of all bulbs produced in this country are exported. The value of bulb exports in 1974 reached $166 million, with the chief bulb exports being tulips, gladiolus, narcissus, and hyacinth.

Foreign market promotional efforts include distribution of posters and advertising in trade and consumer magazines and newspapers, arranging radio and TV programs, and supplying bulletins for publicity purposes.

Plant Publicity Holland is a private foundation of international and domestic exporters of ornamental shubbery.

Approximately two-thirds of the Netherlands nursery products are exported, and 1974 exports exceeded $58.7 million. EC countries account for over 70 percent of shipments. Unlike domestic promotion, which is almost entirely consumer-oriented, foreign promotion is directed at wholesalers, nurserymen, landscaping firms, and institutions.

Fruits and vegetables. Exports of fruits and vegetables are a significant and growing foreign exchange earner for the Dutch, with an export value of roughly $843,000 in 1975.

The Central Bureau of Horticultural Auctions, an association of various auctions through which a vast majority of fresh fruits and vegetables produced are sold in the Netherlands, is a multifaceted organization of Dutch growers and sellers. In its promotional projects outside of the Netherlands, the Bureau spends two-thirds of its budget for promoting tomatoes, cucumbers, and lettuce, with the balance devoted to miscellaneous produce—green peppers, brussels sprouts, carrots, mushrooms, as well as pears, apples, and strawberries. The major promotional targets in 1976 were the traditional ones—West Germany, the United Kingdom, Sweden, France, and Switzerland.

The Product Board for Vegetables and Fruit, with a modest budget, promotes these same commodities within the Netherlands.

The third group in this sector is the Netherlands Potato Consultative Institute, a semiofficial organization that develops and distributes information as well as sends technicians abroad to improve sales of Dutch seed and consumption of potatoes.

Exports of potatoes and potato products reached a record $336.3 million in 1975. Despite certain regulatory restraints on exports imposed by the Dutch Government in response to the 1975/76 potato shortage in Western Europe, 1976/77 should be a good year for Dutch potato/product exports.

While the Dutch are busy promoting their agricultural products abroad, other countries are busy with market development efforts in the Netherlands. Agricultural imports in 1975 were the single largest category—17 percent—of the Netherlands total imports, amounting to $5.6 billion. Approximately 39 percent of agricultural imports came from EC countries and 25 percent from the United States.

Other countries are also making inroads into the Dutch import market, including:

- Brazil, which does not have agricultural representation in the Netherlands, but is fast becoming a significant supplier of soybeans and meal and several other basic raw foodstuffs;
- Canada, whose promotional efforts

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Top, one market development effort for Dutch cheese in recent years included presenting former West German Chancellor Willy Brandt with a Dutch cheese wheel. Left, harvesting narcissus in the Netherlands.

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USSR, Australian Grain Notes

A total of 36.9 million hectares of winter grains, or 90 percent of the plan, were seeded in the **Soviet Union** last fall. While generally favorable weather has prevailed for the 1977 winter grain crop, which was described as being in good to very good condition in mid-January, there are two aspects that bear watching.

The earlier than normal onset of winter temperatures in October may have affected the development of approximately 5 million hectares that were sown after late September. Also, in the first and third weeks of January very low temperatures were experienced in several areas—parts of the eastern Black Soil Zone, the North Caucasus, the Lower Volga, and the eastern Ukraine—where the snow cover was light. Some damage may have occurred in parts of these areas. Generally, however, a good snow cover in other areas has protected the crop from winterkill.

The amount of winterkill sustained by last year's crop in the USSR, when 35.8 million hectares were seeded, has not been revealed by the Soviets, but is known to have been unusually high.

Australia's wheat harvest is far exceeding earlier estimates, and is now expected to reach 11.6 million tons, nearly equaling the 11.9-million-ton outturn a year ago. The crop has made an exceptional recovery for the second year in a row, the result of late-season rains following critical drought in both seasons. Wheat deliveries in all states have been heavier than expected and total nearly 10 million tons to date.

While export availabilities may reach 9.5 million tons, actual shipments are expected to be around 8 million tons for the 1976/77 marketing year. Deliveries from the big crop in New South Wales are estimated at 4.5 million tons, but at best, the port and rail facilities of this important State are believed able to move only 3.5 million tons, thus placing a limit on exports.

Rains have reduced protein content in some of Australia's Hard wheat, limiting the quantity of Prime Hard. However, late deliveries have included a large volume of Australian Standard White and, whereas a shortage of this grade had been expected, it now appears that supplies will be adequate to service regular markets.

Supplies of offgrade wheat may exceed 500,000 tons.

Meal Use

Continued from page 4

likely be met with a strong foreign producer response in certain major exporting countries. For example, Canadian rapeseed output dropped sharply in 1976, reflecting the rather depressed oilseed prices a year ago. But since then, oilseed prices have strengthened. Thus, it seems likely that the Canadian Government will strongly urge farmers in the rapeseed belt to shift area from wheat back to rapeseed. Such a shift, of course, would add to foreign competition for U.S. soybeans in 1977/78.

Despite the anticipated expansion in foreign oilseed output from 1977 crop plantings, the world will need more soybeans from the United States. And all eyes will be on U.S. producers in the months ahead as 1977 plantings, growing conditions, and marketing decisions interact with world market prices.

New Global View

Continued from page 4

One means that should be explored in consultation with other exporting and importing nations is the possibility of international agreements to stabilize trade in major commodities. Results to be expected from commodity agreements are a matter of argument. Nevertheless, we should explore this avenue, recognizing fully that it might not be the answer.

We do need some new international ground rules for the trade in agricultural commodities.

Dutch Promotion

Continued from page 15

are centered primarily around grains, particularly rapeseed;

- Israel, the only country that has market development agencies in the Netherlands and with a very substantial budget, has been promoting its citrus, vegetables, and flowers;
- South Africa, which—in promoting its peaches, apricots, and citrus in the Netherlands—aims its efforts toward the wholesale trade, regulating producer prices in order to keep these products competitive on the Dutch market;
- Spain and Portugal—both fairly active in promoting their fruits, vegetables, and processed agricultural products, including wines, in the Netherlands;
- Turkey, which although expecting easier access into the EC for its farm exports, has found that the types of products actually available for sustained exports are rather limited. However, Turkey did participate in the Netherlands 1976 international food show to display wines, liquors, and canned foods.

*U.S. GOVERNMENT PRINTING OFFICE: 1977 241-410/18 1-3